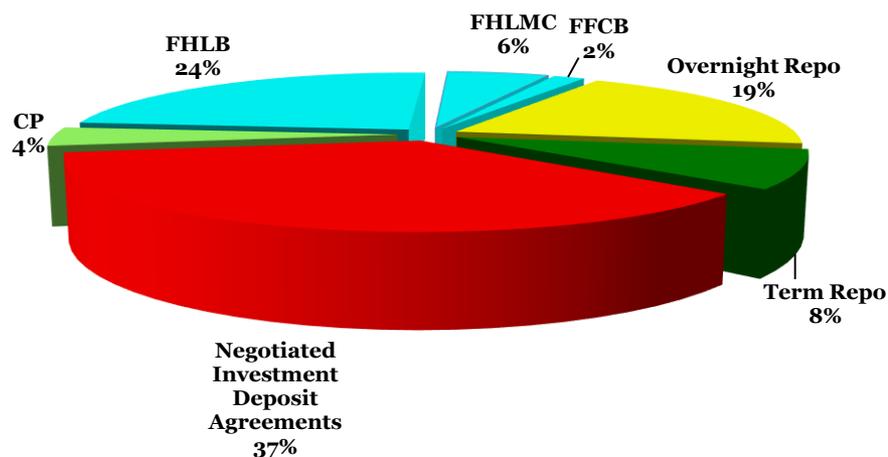


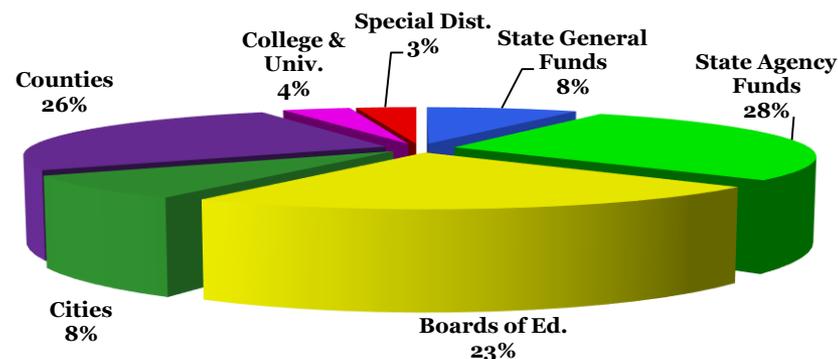
# Georgia Fund 1 (GF1)

- O.C.C.G § 36-83-1 to 36-83-8 authorizes Georgia local governments and other authorized entities to invest funds in Georgia Fund 1 (“GF1”). GF1 is managed in trust by the Office of the State Treasurer.
- Eligible participants must complete a resolution authorizing investment to participate in the pool. The resolution and other documents can be found on our website at [www.ost.georgia.gov](http://www.ost.georgia.gov)
- GF1 is managed to maintain a constant net asset value (NAV) of \$1.00.
- Yield calculated on an actual/365 day basis net of 3.3 basis points (bp) administrative fee.
- GF1 is rated AA Af by Standard & Poor’s.
- For the month of October 2015, GF1 participants earned .18% (18 bp)\*.
- As of October 31, 2015, GF1 assets were \$12.1 billion. The weighted average maturity (WAM) was 37 days.

## Portfolio Composition

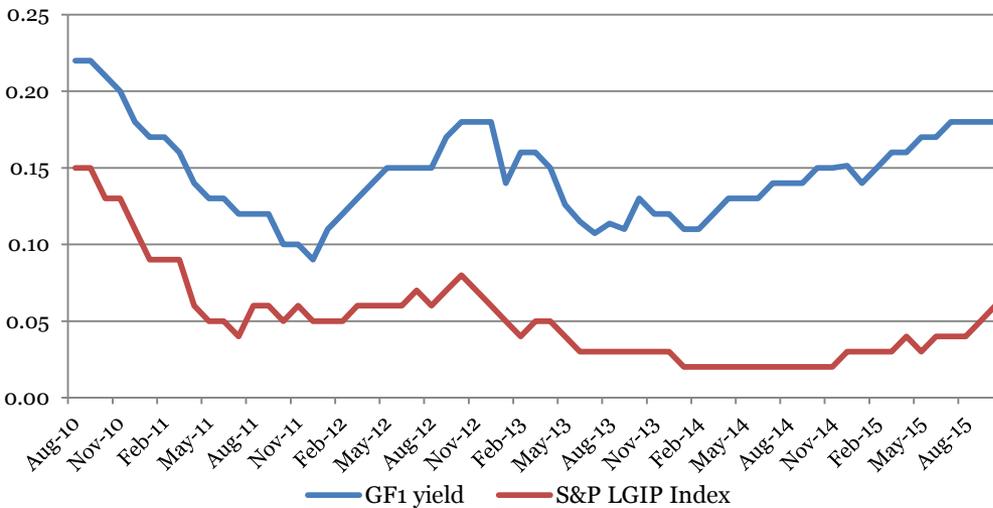


## Account Holder Distribution



\*Georgia Fund 1 yield is on an annualized basis.

## Monthly Yield



## Portfolio Strategy:

The primary objectives in managing GF1 are preservation of principal, liquidity, investment income and diversification. GF1 is managed to maintain a \$1.00 value and a weighted average maturity of 90 days or less, with the maximum maturity of any investment limited to 397 days. The GF1 weighted average maturity (WAM) was 37 days as of October 31, 2015. Repo rates averaged 9.5 bp for the month of October. The annualized net rate paid to participants was 18 bp in October.

What a difference a month makes. At a hearing before the House Financial Services Committee on Wednesday, November 4<sup>th</sup>, Fed Chair Janet Yellen said the economy was “performing well” and that a rate hike in December is “a live possibility.” And then a strong employment report on Friday, November 6<sup>th</sup> solidified expectations of a possible interest-rate increase by the Fed in December. So if “liftoff” occurs in December the debate will then shift to when the next move will occur and how fast will the pace of increases be? Bottom line, we all just want to see a rise in rates. A 25 basis point increase in December 2015, seven years after the Fed took rates to zero, would be a welcome start.

## In The News:

House Bill 95 amended O.C.G.A. § 36-83-8 relating to the local government investment pool (LGIP). Specifically, the code was amended to include “The State Treasurer may also place the funds in a separate trust fund to be administered by the State Treasurer pursuant to policies established by the State Depository Board (SDB).”

On July 27, 2015, the SDB formally adopted the LGIP Trust Policy. The policy is intended to provide the framework necessary for the State Treasurer to properly administer and manage investments of the LGIP. The policy can be found on our website at <http://ost.georgia.gov/operating-policies>.

Effective July 1, 2015, Georgia Fund 1 and the Georgia Extended Asset Pool were established as trust funds. Setting up the investment pools as trusts clearly segregates the LGIP investments from the state’s assets and provides additional safeguards for the pools’ assets. The transition to a trust will be seamless for the participants of each pool. The pools will continue to be managed by the Office of the State Treasurer with preservation of principal as the primary objective of each pool.

## Maturity Distribution

